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NATIONAL INTELLIGENCE DAILY CABLE

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National Intelligence Daily Cable for Wednesday, 12 April 1978

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [] Fighting involving tank and artillery fire continued in Beirut yesterday. The intervention of the Syrian-dominated Arab peacekeeping force so far seems to have aggravated the situation instead of calming it. The Syrians have shelled the headquarters of the two major Christian parties, the National Liberal Party and the Phalange, provoking fears that they are attempting to take over one of the Christian quarters of the city. Christian leaders have called on their followers to stop firing, but they obviously are not in full control of their forces.

25X1 [] National Liberal militia leader Dany Shamun told a US Embassy official yesterday that he has been telling his people not to fire on the Syrians and to stay off the streets, but that it is impossible to prevent individual militiamen from reacting when sniper fire hits their neighborhood. He also charged that leaders of the Phalange militia, despite their public statements, are deliberately encouraging--or at least allowing--continued sniper fire against the Syrians.

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25X1 [] Syria's strategy is to try to isolate and surround pockets of resistance and then use whatever force is necessary. Although Syrian officers have been told to avoid causing extensive civilian casualties, Syrian tactics are often clumsy and heavyhanded. Local unit commanders, moreover, may continue to retaliate sharply as they suffer additional casualties.

25X1 [] The Syrians want to avoid a major confrontation in Beirut that might offer Israel an excuse to intervene or to prolong its occupation of southern Lebanon. They will probably try to calm the situation through further consultations with Lebanese political and militia officials.

25X1 [] The security situation within the Muslim section of Beirut, meanwhile, has deteriorated to its lowest level since countrywide fighting stopped in 1976; there have been several

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kidnapings in the past week, and miscellaneous shooting incidents occur daily. Given the atmosphere of tension prevailing throughout the city, there is a chance that the fighting will continue to spread and become increasingly difficult to bring under control. [REDACTED]

ISRAEL: Peace Movement Emerging

[REDACTED] The emergence in recent weeks of a movement in Israel that favors more flexible peace proposals, and the Begin government's sponsorship of a counter organization, have had the effect of undermining the solidarity that the government has sought to foster and may give rise to a more substantive national debate on the peace process. Until now, public discussion has tended to focus primarily on Prime Minister Begin's tactical blunders and on the strains in US-Israeli relations, rather than on the issues themselves.

[REDACTED] The leaders of the "Peace Now" movement, which kicked off its campaign on 1 April with a large outdoor rally in Tel Aviv, hope to bring pressure on Begin to reassess his peace proposals. To maintain momentum, they have initiated signature and letter-writing campaigns. Another mass rally is being planned for 30 April in Jerusalem under the guidance of some Mapam party leaders. Mapam--the leftist ally of the opposition Labor Party--appears to be deeply involved in the nascent movement, but Labor Party leaders are keeping a discreet distance for the time being.

[REDACTED] After some hesitation, leaders of the Herut Party--Begin's faction of the Likud bloc--have organized a counter organization, the "Movement for a Secure Peace." The brief delay reflected concern in Herut that a countercampaign would focus greater public attention on the "Peace Now" movement and invite unfavorable comparisons if the "Secure Peace" movement failed to match the public support its rival had attracted. Herut leaders apparently concluded that leaving the field entirely to "Peace Now" could have far worse consequences.

[REDACTED] As a result, the counter movement has begun its own letter-writing and signature campaigns in support of government policy. In addition, it has announced that it will hold a rally this Saturday night in the same square in Tel Aviv that was used for the first "Peace Now" demonstration.

[] The "Peace Now" Movement is almost certain to step up its own efforts in response and is likely to become more shrill in its criticism of Begin and his policies. The US Embassy believes this incipient polarization could give impetus to a fuller debate on peace issues; the debate has thus far lacked focus and clarity, thanks largely to the government's success in obscuring internal differences over specific issues. []

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NAMIBIA: Nujoma's Position

[] The leader of the South-West Africa People's Organization, Sam Nujoma, told the US Ambassador to Nigeria this week that SWAPO is prepared to resume negotiations at any time with the Western five-power contact group on its proposals for a peaceful transition to independence in Namibia. Nujoma indicated that SWAPO would soon respond formally to the Western proposals, but he showed little flexibility on several unresolved issues.

[] Nujoma arrived in Lagos on Monday, following visits to India, Iraq, and Yugoslavia, to discuss the Western proposals with Nigerian Head of State Obasanjo. During a visit to the US Embassy, he said SWAPO was studying the proposals carefully and would give a written response in New York soon.

[] Nujoma said SWAPO is ready to resume talks with the contact group, the South Africans, or both. Talks, he said, could be held on a "proximity" basis, as was the case in New York last February, or face to face with the South Africans.

[] The SWAPO leader indicated, however, that his organization still has major problems with the proposals. He said it could not accept the stationing of South African troops along Namibia's northern border or allow more than 1,500 South African troops to be stationed in southern Namibia near the border with South Africa.

[] As for Walvis Bay, Nujoma said SWAPO would oppose any proposal that did not specify that the enclave was "part and parcel" of Namibia. He also repeated SWAPO's position that the UN Special Representative should have clear control over the actions of the South African - appointed Administrator General for the territory.

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[] When told that the contact group sent a copy of the proposals to the UN Security Council on Monday, Nujoma argued that such action was premature. He maintained that since SWAPO had not yet taken a final position on the proposals, it would not be able to "cooperate" with the Security Council.

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[] //Nujoma plans to remain in Nigeria for about a week before proceeding to New York for the UN Special Session on Namibia set to begin on 24 April. He apparently intends to visit the USSR and several East European countries before re-
turning to southern Africa.// []

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SOMALIA: Siad to Visit China

25X1 [] President Siad evidently believes that the security situation in Somalia following last weekend's abortive coup attempt has stabilized enough to permit him to embark on a previously scheduled official visit to China. According to the New China News Agency, the Somali leader will arrive in Peking tomorrow for talks that are expected to last several days.

25X1 [] If he actually makes the trip this time, he will use the occasion to demonstrate defiance of Moscow and Havana while pleading his case for whatever assistance the Chinese may be willing to provide. He may also calculate that his trip to Peking might somehow prompt the US to be more forthcoming in providing military and political support for Somalia.

25X1 [] //Given their concern over the growth of Soviet and Cuban influence in the Horn, the Chinese have a vested interest in Siad's political survival. Nevertheless, they may provide the Somali leader with little in the way of tangible support. China has not supplied the Somalis with major military assistance--

25X1 [] Its economic aid commitment--\$130 million over the past 14 years--has been more significant, and several thousand Chinese economic technicians are currently working in Somalia.//

25X1 [] The Chinese realize that their ability to help Siad materially is very limited. They probably will urge him to continue pressing Western and moderate Arab governments for military and economic assistance.

25X1 [] Siad thus is likely to leave Peking with little more than a reaffirmation of political support from the Chinese leadership. Even this may be somewhat circumscribed by Peking's desire to maintain normal relations with Ethiopia. Chinese speeches during the visit are likely to focus criticism on Moscow and Havana while eschewing any rhetoric that might ruffle the Ethiopians.

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DOMINICAN REPUBLIC: Election

[redacted] President of the Dominican Republic Balaguer, 70 years old and nearly blind, has kicked off his campaign for the election on 16 May--his fourth consecutive term--with several surprise choices for his ticket and some shopworn, but still effective, political moves to undercut the opposition. He clearly remains the country's most skillful politician and, barring further health problems, is the favorite to win re-election.

[redacted] Balaguer dumped his 69-year-old, two-term vice president in favor of 32-year-old Fernando Alvarez Bogaert, a former cabinet member who has headed the Ministries of Finance and Agriculture as well as the powerful State Sugar Council. Alvarez, a US-trained economist, is also a skilled Campaign manager who ran Balaguer's reelection efforts in 1970 and 1974.

25X1 [] The candidacy of Alvarez brings substantial strengths as well as some potential weaknesses to the Reformist Party ticket. His presence could help, at least partly, to blunt what will probably be the opposition's two major campaign issues--charges of *continuismo* under Balaguer and allegations the government has mishandled the economy.

25X1 [] With Alvarez, Balaguer can argue that he is opening up the administration to younger, more dynamic figures and that he is finally grooming a successor. Moreover, Alvarez' background in financial and sugar matters will help Balaguer defend his record and hold out hope of better economic days ahead.

25X1 [] Alvarez, however, is ambitious and could create divisions within the ruling political and military cliques. His attempts in 1975 to line up support for a presidential bid of his own threatened to lead to serious discord, and there are still strong objections to him within the Reformist Party.

25X1 [] Alvarez has been careful to woo the influential armed forces. When he was head of the State Sugar Council, for example, he subsidized the pay of lower ranking officers and granted others title to lucrative sugar-growing lands. Alvarez has, however, become identified with one of the country's two antagonistic military factions, and this could upset the delicate balance that Balaguer has managed to maintain.

25X1 [] Alvarez' nomination is still not completely certain, even though it has been formally approved by the Electoral Commission and the deadline for candidacies has passed. Loopholes in Dominican election laws could provide a pretext for a last-minute substitution, should Balaguer so decide.

25X1 [] The President's second surprise nomination is that of his sister, Emma, for mayor of the capital--the country's third most important post and a source of considerable funds and patronage. She is a well-known public figure in her own right, having headed a powerful, quasi-political charity organization for the past five years, and will be a strong candidate. Her social work, appeal to women voters, and obvious close identification with the President seem likely to offset either the probable charges of nepotism or any backlash from male voters.

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[] In coping with the opposition, Balaguer has turned to well-honed techniques. He had a hand in prompting dissidents from one opposition group to split and establish their own party--which has now nominated him. He has held on-again, off-again talks with former Vice President Lora, who broke with the President in 1970 to establish an opposition movement. By holding out the possibility of a bargain that might have delivered the vice presidency to Lora, Balaguer has kept him on a political string and helped demonstrate the bankruptcy of Lora's politics.

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[] Balaguer has also weaned a major figure away from his chief opposition, the Dominican Revolutionary Party, with the lure of a government post. The party nominated a moderate for president in an effort to blur its revolutionary leftist image of earlier years, but Balaguer has sought to undercut this effort by focusing his attacks on the party's longtime militant secretary general.

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[] Balaguer contends that the voters' choice is between continuity or the political chaos of revolutionaries. []

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PORTUGAL: IMF Loan Negotiations

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[] Portugal's negotiations with the International Monetary Fund for a \$50 million second tranche loan are proving difficult. This small loan is the key to major disbursement from the \$750 million in credits agreed to by 14 countries. Some potential lenders will not release funds until Portugal agrees to an IMF-approved economic program. An IMF agreement also would improve prospects for securing additional credit from foreign banks and rescheduling foreign debt payments due later this year.

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[] The current round of negotiations began late last month. Portuguese officials feel that the IMF is making unrealistic demands for further austerity measures. They argue that the current account deficit for this year cannot be held to the IMF target of \$900 million without seriously worsening unemployment, which is already hovering around 15 percent.

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[] Finance Minister Constancio is said to oppose IMF proposals for currency devaluation, arguing that a sharp drop

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in the escudo would worsen inflation and have only a minor effect on the balance of payments. Consumer prices are currently rising at an annual rate of 25 percent.

25X1 [] Portugal's financial situation has changed little so far this year. Net foreign exchange losses totaled \$160 million for the first quarter, but the government managed to offset these losses by selling gold and borrowing on gold collateral. Foreign exchange holdings amount to about \$300 million, virtually the same as at the end of 1977. []

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UK: Scottish By-election

25X1 [] //A parliamentary by-election today in Glasgow is being viewed as a test of strength between the Labor Party and the Scottish Nationalists. The campaign has focused on such questions as the economy and abortion, but an underlying issue is the Labor Party's plan for Scottish home rule. A loss by Labor would cause serious problems for the party as it heads toward a general election, widely expected as early as this fall.//

25X1 [] //This is the first by-election in Scotland since the general election in October 1974, when the Scottish Nationalists demonstrated their political strength by winning 11 seats in Parliament. In that election, the Labor candidate in the constituency that is voting today defeated his Nationalist rival by more than 7,000 votes. Labor's majority had been considerably larger, however, in the general election held in February 1974.//

25X1 [] //Legislation dealing with devolution for Scotland, which Labor hopes will boost its fortunes there, has been passed by the House of Commons, although with amendments favored neither by the government nor by the Scots. The bill could now be held up in the House of Lords. Labor Party leaders would see any such delay in passing the legislation and holding a referendum as strengthening the hand of the Nationalists.//

25X1 [] //Labor usually has won the bulk of Scotland's 71 seats in general elections. Any significant inroads by the Scottish Nationalists in today's by-election, or in local elections scheduled for next month, would hurt Labor's chances in the next general election. []

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CHINA: Political Infighting

25X1 [] Wall posters in Peking attacking municipal party boss and Politburo member Wu Te are symptomatic of stepped-up Chinese political infighting in recent weeks. The leadership earlier had apparently agreed to set aside its differences temporarily in the interest of holding a national science conference and the Fifth National People's Congress, China's parliament that closed early last month after choosing a new government. With these meetings out of the way, the media have again begun attacking unnamed party officials for shifting their political allegiances over the years.

25X1 [] Senior Vice Premier Teng Hsiao-ping is apparently behind this campaign; he seems to be zeroing in on those who did not oppose his ouster in 1976 and who may have opposed his return the following year. Wu Te falls into this category. He has been attacked periodically in wall posters for his role in calling a halt to the April 1976 riots in Peking, which were an indirect show of support for Teng but which the now-discredited "gang of four" used as an excuse for his ouster. There is no evidence that authorities have attempted to prevent the public attacks on Wu, and some in the leadership may in fact have encouraged them.

25X1 [] Attacks by the media on party officials who refuse to admit their past collaboration with the "gang of four" have been less direct than the wall poster criticism of Wu but have implications for others in the senior leadership. A spate of articles denouncing a continuing "coverup" in northeastern China could ultimately implicate Politburo members Chen Hsi-lien and Li Te-sheng, the past and present military commanders of the area. Chen may be the indirect target of attacks on a deputy commander who was appointed in 1972, when Chen still commanded the area. Chen is currently the subject of wall poster attacks in Shenyang, his former military headquarters.

25X1 [] Teng Hsiao-ping probably is also the moving force behind an accelerated de-Maoization effort. The most visible consequence of this effort is that, in accordance with a recent party decision, quotations from Mao Tse-tung used in articles or published speeches will not be printed in boldface. This is a sharp departure from longstanding practice, and its significance will not be lost on the large readership of China's newspapers and periodicals. Media attacks on lavish funerals, the details of which parallel Mao's own, also seem to have negative implications for the Maoist legacy.

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[] Teng Hsiao-ping stands to gain the most from an effort to discredit Mao, who twice presided over Teng's fall from grace. Party chairman Hua Kuo-feng, who personally received Mao's blessing as his successor, stands to lose ground. Hua seems to be trying to slow the de-Maoization; his speech at last month's science conference hewed close to the Maoist line, focusing on the need for scientists to maintain a correct political attitude. By contrast, Teng, who spoke earlier, virtually promised scientists that their work would be measured by scientific, not political, standards. []

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BRIEFS

Sudan

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[] President Numayri's policy of reconciliation with conservative opposition groups has resulted in an agreement by exiled opposition leader Sharif al-Hindi to dissolve his dissident National Front Party and return to Sudan with around 300 followers. Al-Hindi had remained in London after Sadiq al-Mahdi, leader of the Ansar sect, accepted Numayri's offer of amnesty and returned to Sudan last September.

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[] Relatively free National Assembly elections in February in which conservatives won a sizable number of seats, together with the government's generous treatment of Sadiq, may have encouraged al-Hindi to return. Al-Hindi's action could help Numayri in his efforts to arrange the return of the 4,000 to 6,000 Ansar dissidents living in Ethiopia and the 1,000 to 2,000 in Libya. Libyan President Qadhafi is said to be considering permitting the Ansar in Libya to leave, but there is no sign that Addis Ababa will permit those in Ethiopia to return home soon.

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[] Al-Hindi's return and the dissolution of his party could make it more difficult for Ethiopia to use the exiles there for anti-Sudanese purposes. Sudanese officials have feared that the Ethiopians would encourage guerrilla raids by the dissidents in retaliation for Sudan's aid to Eritrean separatists. []

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Chad

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[] A member of Chad's ruling Supreme Military Council was wounded Tuesday in a terrorist grenade attack. The government has been unable to identify the perpetrators but, []

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[] a group that arrived from northeastern Nigeria may be responsible. The attackers apparently were not members of the main group of Libyan-backed rebels, who occupy much of northern Chad and from whom terrorist attacks had been expected.

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[] This was the first rebel-inspired terrorist incident in Ndjamena since large-scale fighting began in Chad several months ago. Other attacks are likely to follow, especially if the apparent disagreement between the government and the Libyan-supported insurgents over the interpretation of the recently concluded peace talks continues to grow. []

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NATO

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[] //A NATO executive working group today will make an initial review of recommendations for implementing the long-term defense program proposed by President Carter at the NATO summit last year. Planning for the program will be a key topic at the meeting of defense ministers in mid-May and at the NATO summit in Washington at the end of that month.//

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[] //How much support the other member-states will give the program remains uncertain because of concerns over the length of time it covers (1979 to 1993), a price tag that could approach \$85 billion, and the innovative content, which requires an unprecedented degree of cooperation within NATO to promote standardization and compatibility of efforts in 10 major problem areas. Preliminary talks have shown that many NATO governments are reluctant to endorse the added high costs the program would entail.//

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[] //West Germany's position will be crucial in determining what sort of long-term program can be implemented. The West Germans have cautioned the US not to press too hard too soon for flat commitments to key aspects of the program. The subject will be raised during Defense Secretary Brown's talks in Bonn beginning today. []

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